

State of Michigan  
Department of Treasury

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Michigan Public Educational Facilities  
Authority

*Annual Report*  
**2005**

# Michigan Public Educational Facilities Authority

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## ***Authority Mission Statement***

The Michigan Public Educational Facilities Authority is dedicated to providing opportunities for low-cost financing and technical assistance for (i) qualified public educational facilities and (ii) public school academies through its bonding and loan programs.

The Authority Finance Division as part of the Bureau of Bond Finance provides financial and administrative support services on behalf of the Authority to assist with achieving these goals.

## ***Bureau of Bond Finance Mission Statement***

The Bureau of Bond Finance will achieve and maintain access to the financial market at the lowest cost of the citizens of Michigan on behalf of:

- Hospitals and their patients
- Higher education students and their families
- Private colleges and their students
- Public school academies and their students
- Public schools and their taxpayers
- Municipalities and their taxpayers
- The State-at-large for environmental, recreational, and other specific-voter approved projects
- The State for cash flow financing for operating purposes.

## ***Vision***

- We are committed to fair, consistent, and courteous customer service.
- We have the training, technology, and tools to meet customer needs.
- We provide low-cost financing in order for cities and communities to be magnets for economic opportunities, with high quality education and healthcare.
- We are a division where public service and service to others is exalted.

## ***Values***

- Integrity: Michigan's schools, colleges, universities, municipalities, and healthcare providers; along with bond counsel, financial advisors, and underwriters know that they can depend upon the Authority Finance Division to follow through on their commitments.
- Excellence: The Authority Finance Division is committed to providing increasingly effective, low-cost financing to protect the interests of the citizens of Michigan.
- Teamwork: The Authority Finance Division will work together to provide effective, low-cost financing to Michigan's schools, colleges, universities, municipalities, and healthcare providers.
- Pride: In our achievements.

## **Michigan Public Educational Facilities Authority Members**

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The Michigan Public Educational Facilities Authority (MPEFA or Authority) is comprised of five members. The Governor with the advice and consent of the Senate, appoints four members, and the State Treasurer serves as member by virtue of the appointed office. Of the four appointees, no more than two shall be members of the same political party. All members of the Authority are appointed for four-year terms and serve without compensation but are entitled to reimbursement of expenses incurred in the performance of their duties. The present membership of the Authority is as follows:

*Ganesh Reddy, Chair*

*Timothy A. Hoffman*

*Mark Burzych*

*David S. Mittleman*

*Jay B. Rising, State Treasurer*

## Michigan Public Educational Facilities Authority

The Michigan Public Educational Facilities Authority (MPEFA) was created in 2002 when it became apparent that a unique, one-stop service center for school facilities that require uncommon mechanisms in order to obtain financing was necessary. The three main reasons being:

1. The complexity of a new federal program, the Qualified Public Educational Facilities (QPEF) Bond Program;
2. The additional attention needed to assist public school academies; and
3. The ever-growing need to utilize non-traditional means to meet Michigan schools infrastructure needs.

Financing is a challenge to most public schools, for public school academies there are additional challenges to securing financing without access to local property tax. MPEFA is dedicated to providing opportunities for low-cost financing for Michigan's Public School Academies.

## Long-Term Financing for Public School Academies

The Long-Term Financing for Public School Academies provides a low-cost alternative for the purpose of financing land, facilities, equipment ,or refinancing existing debt.

MPEFA completed two Long-Term Financing for Public School Academies issues in 2005 totaling \$14,860,000. MPEFA's bonds were sold at both fixed and variable rates of interest. One of the bond issues received a bond rating and one was backed by a letter of credit. The two issues are described below.

Michigan Region	School	Purpose	Loan Amount
Southeast	Woodland Park Academy	Acquisition of land and the construction of an approximately 34,660 square foot school building which will accommodate approximately 450 students and includes a music room, gymnasium, library, computer lab, science lab, and auditorium.	\$3,750,000
Southeast	Old Redford Academy	Acquisition of land and an existing approximately 20,000 square foot school building, the partial demolition of that building, the construction of approximately 60,000 square feet public school academy facility for the Obligor, and related Site improvements	\$11,110,000

## State Aid Note for Public School Academies

The State Aid Note for Public School Academies (PSAs) provides PSAs the access to financial mechanisms utilized by traditional school districts. This program is designed specifically for PSAs and offers a simplified borrowing process to fund short-term cash flow needs for operating purposes.

In 2005, MPEFA financed a State Aid Note Issue, closing August 19, 2005. The participants are summarized below:

Michigan Region	Academy	Loan Amount
North	1 Creative Learning Academy	\$50,000
	2 Sunrise Education Center	\$50,000
Southcentral	3 El-Hajj Malik El-Shabazz	\$200,000
	4 Sankofa Shule Academy	\$250,000
	5 Sauk Trail Academy	\$150,000
Southeast	6 Arts Academy in the Woods	\$319,900
	7 Benjamin Carson Academy	\$700,000
	8 Casa Richard Academy	\$185,000
	9 Center Academy	\$500,000
	10 Charyl Stockwell Academy	\$1,200,000
	11 Colin Powell Academy	\$200,000
	12 Creative Montessori Academy	\$800,000
	13 Detroit Academy of Arts and Sciences	\$9,500,000
	14 Gaudier Academy	\$100,000
	15 Grand Blanc Academy	\$500,000
	16 Great Lakes Academy	\$250,000
	17 Nataki Talibah	\$214,000
	18 Oakland International Academy	\$100,000
Southwest	19 Woodland Park Academy	\$250,000
	20 YMCA Service Learning	\$1,800,000
	21 Benton Harbor Charter School Academy	\$1,000,000
	22 Grattan Public School Academy	\$400,000
	23 Kalamazoo Advantage Academy	\$600,000
	24 West Michigan Academy of Environmental Science	\$800,000
		<b>\$20,118,900</b>